

LEGISLATURE OF NEBRASKA

ONE HUNDRED FIRST LEGISLATURE

FIRST SESSION

LEGISLATIVE BILL 545

FINAL READING

Introduced by Adams, 24.

Read first time January 21, 2009

Committee: Education

A BILL

1 FOR AN ACT relating to education; to amend sections 77-3446,  
2 79-1001, 79-1003, 79-1007.07, 79-1007.09, 79-1007.10,  
3 79-1007.11, 79-1007.18, 79-1007.23, 79-1007.24, 79-1011,  
4 79-1012, 79-1017.01, 79-1028.01, 79-1073, and 79-10,110,  
5 Reissue Revised Statutes of Nebraska, section 9-812,  
6 Reissue Revised Statutes of Nebraska, as amended by  
7 section 1, Legislative Bill 547, One Hundred First  
8 Legislature, First Session, 2009, and sections 79-1022,  
9 79-1023, 79-1026.01, 79-1027, and 79-1031.01, Reissue  
10 Revised Statutes of Nebraska, as amended by sections 1,  
11 2, 3, 4, and 5, respectively, Legislative Bill 548, One  
12 Hundred First Legislature, First Session, 2009; to change  
13 and eliminate provisions relating to the distribution of

1 state lottery funds for education, budget limitations,  
2 the Tax Equity and Educational Opportunities Support Act,  
3 learning communities, construction or alteration of or  
4 acquisition of land for public school facilities, and  
5 funding for Network Nebraska; to harmonize provisions;  
6 to repeal the original sections; to outright repeal  
7 sections 79-1015 and 86-5,101, Reissue Revised Statutes  
8 of Nebraska; and to declare an emergency.

9 Be it enacted by the people of the State of Nebraska,

1           Section 1. Section 9-812, Reissue Revised Statutes of  
2 Nebraska, as amended by section 1, Legislative Bill 547, One  
3 Hundred First Legislature, First Session, 2009, is amended to read:

4           9-812 (1) All money received from the operation of  
5 lottery games conducted pursuant to the State Lottery Act in  
6 Nebraska shall be credited to the State Lottery Operation Trust  
7 Fund, which fund is hereby created. All payments of the costs  
8 of establishing and maintaining the lottery games shall be made  
9 from the State Lottery Operation Cash Fund. In accordance with  
10 legislative appropriations, money for payments for expenses of the  
11 division shall be transferred from the State Lottery Operation  
12 Trust Fund to the State Lottery Operation Cash Fund, which fund  
13 is hereby created. All money necessary for the payment of lottery  
14 prizes shall be transferred from the State Lottery Operation Trust  
15 Fund to the State Lottery Prize Trust Fund, which fund is hereby  
16 created. The amount used for the payment of lottery prizes shall  
17 not be less than forty percent of the dollar amount of the lottery  
18 tickets which have been sold.

19           (2) (a) Beginning October 1, 2003, and until July 1, 2009,  
20 a portion of the dollar amount of the lottery tickets which have  
21 been sold on an annualized basis shall be transferred from the  
22 State Lottery Operation Trust Fund to the Education Innovation  
23 Fund, the Nebraska Scholarship Fund, the Nebraska Environmental  
24 Trust Fund, the Nebraska State Fair Board, and the Compulsive  
25 Gamblers Assistance Fund, except that the dollar amount transferred

1 shall not be less than the dollar amount transferred to the funds  
2 in fiscal year 2002-03.

3 (b) On and after July 1, 2009, at least twenty-five  
4 percent of the dollar amount of the lottery tickets which have been  
5 sold on an annualized basis shall be transferred from the State  
6 Lottery Operation Trust Fund to the Education Innovation Fund,  
7 the Nebraska Scholarship Fund, the Nebraska Environmental Trust  
8 Fund, the Nebraska State Fair Board, and the Compulsive Gamblers  
9 Assistance Fund.

10 (3) Of the money available to be transferred to the  
11 Education Innovation Fund, the Nebraska Scholarship Fund, the  
12 Nebraska Environmental Trust Fund, the Nebraska State Fair Board,  
13 and the Compulsive Gamblers Assistance Fund:

14 (a) The first five hundred thousand dollars shall be  
15 transferred to the Compulsive Gamblers Assistance Fund to be used  
16 as provided in section 71-817;

17 (b) Nineteen and three-fourths percent of the money  
18 remaining after the payment of prizes and operating expenses and  
19 the initial transfer to the Compulsive Gamblers Assistance Fund  
20 shall be transferred to the Education Innovation Fund;

21 (c) Twenty-four and three-fourths percent of the money  
22 remaining after the payment of prizes and operating expenses and  
23 the initial transfer to the Compulsive Gamblers Assistance Fund  
24 shall be transferred to the Nebraska Scholarship Fund;

25 (d) Forty-four and one-half percent of the money

1 remaining after the payment of prizes and operating expenses and  
2 the initial transfer to the Compulsive Gamblers Assistance Fund  
3 shall be transferred to the Nebraska Environmental Trust Fund to be  
4 used as provided in the Nebraska Environmental Trust Act;

5 (e) Ten percent of the money remaining after the payment  
6 of prizes and operating expenses and the initial transfer to  
7 the Compulsive Gamblers Assistance Fund shall be transferred to  
8 the Nebraska State Fair Board if the most populous city within  
9 the county in which the fair is located provides matching funds  
10 equivalent to ten percent of the funds available for transfer. Such  
11 matching funds may be obtained from the city and any other private  
12 or public entity, except that no portion of such matching funds  
13 shall be provided by the state. If the Nebraska State Fair ceases  
14 operations, ten percent of the money remaining after the payment  
15 of prizes and operating expenses and the initial transfer to the  
16 Compulsive Gamblers Assistance Fund shall be transferred to the  
17 General Fund; and

18 (f) One percent of the money remaining after the payment  
19 of prizes and operating expenses and the initial transfer to the  
20 Compulsive Gamblers Assistance Fund shall be transferred to the  
21 Compulsive Gamblers Assistance Fund to be used as provided in  
22 section 71-817.

23 (4) (a) The Education Innovation Fund is created. At least  
24 seventy-five percent of the lottery proceeds allocated to the  
25 Education Innovation Fund shall be available for disbursement.

1           (b) For fiscal year 2005-06, the Education Innovation  
2 Fund shall be allocated as follows: The first one million dollars  
3 shall be transferred to the School District Reorganization Fund,  
4 and the remaining amount shall be allocated to the General Fund  
5 after operating expenses for the Excellence in Education Council  
6 are deducted.

7           (c) For fiscal year 2006-07, the Education Innovation  
8 Fund shall be allocated as follows: The first two hundred fifty  
9 thousand dollars shall be transferred to the Attracting Excellence  
10 to Teaching Program Cash Fund to fund the Attracting Excellence  
11 to Teaching Program Act, the next one million dollars shall  
12 be transferred to the School District Reorganization Fund, and  
13 the amount remaining in the Education Innovation Fund shall be  
14 allocated, after administrative expenses, for distance education  
15 equipment and incentives pursuant to sections 79-1336 and 79-1337.

16           (d) For fiscal year 2007-08, the Education Innovation  
17 Fund shall be allocated as follows: The first five hundred thousand  
18 dollars shall be transferred to the Attracting Excellence to  
19 Teaching Program Cash Fund to fund the Attracting Excellence to  
20 Teaching Program Act, and the amount remaining in the Education  
21 Innovation Fund shall be allocated, after administrative expenses,  
22 for distance education equipment and incentives pursuant to  
23 sections 79-1336 and 79-1337.

24           (e) For fiscal year 2008-09, the Education Innovation  
25 Fund shall be allocated as follows: The first seven hundred

1 fifty thousand dollars shall be transferred to the Attracting  
2 Excellence to Teaching Program Cash Fund to fund the Attracting  
3 Excellence to Teaching Program Act, and the amount remaining in the  
4 Education Innovation Fund shall be allocated, after administrative  
5 expenses, for distance education equipment and incentives pursuant  
6 to sections 79-1336 and 79-1337.

7 (f) For fiscal year 2009-10, the Education Innovation  
8 Fund shall be allocated as follows: Any amounts transferred to the  
9 Education Innovation Fund from the School District Reorganization  
10 Fund shall be returned to the School District Reorganization Fund  
11 first, the next one million dollars shall be transferred to the  
12 Excellence in Teaching Cash Fund to fund the Excellence in Teaching  
13 Act, and the amount remaining in the Education Innovation Fund  
14 shall be allocated, after administrative expenses, for distance  
15 education equipment and incentives pursuant to sections 79-1336 and  
16 79-1337.

17 ~~(f)~~ (g) For fiscal years 2009-10 2010-11 through 2015-16,  
18 the Education Innovation Fund shall be allocated as follows: The  
19 first one million dollars shall be transferred to the Excellence  
20 in Teaching Cash Fund to fund the Excellence in Teaching Act, and  
21 the amount remaining in the Education Innovation Fund shall be  
22 allocated, after administrative expenses, for distance education  
23 equipment and incentives pursuant to sections 79-1336 and 79-1337.

24 ~~(g)~~ (h) For fiscal year 2016-17 and each fiscal year  
25 thereafter, the Education Innovation Fund shall be allocated, after

1 administrative expenses, for education purposes as provided by the  
2 Legislature.

3 (5) Any money in the State Lottery Operation Trust  
4 Fund, the State Lottery Operation Cash Fund, the State Lottery  
5 Prize Trust Fund, or the Education Innovation Fund available  
6 for investment shall be invested by the state investment officer  
7 pursuant to the Nebraska Capital Expansion Act and the Nebraska  
8 State Funds Investment Act.

9 (6) Unclaimed prize money on a winning lottery ticket  
10 shall be retained for a period of time prescribed by rules and  
11 regulations. If no claim is made within such period, the prize  
12 money shall be used at the discretion of the Tax Commissioner for  
13 any of the purposes prescribed in this section.

14 Sec. 2. Section 77-3446, Reissue Revised Statutes of  
15 Nebraska, is amended to read:

16 77-3446 Base limitation means the budget limitation rate  
17 applicable to school districts and the limitation on growth of  
18 restricted funds applicable to other political subdivisions prior  
19 to any increases in the rate as a result of special actions  
20 taken by a supermajority of any governing board or of any  
21 exception allowed by law. The base limitation is two and one-half  
22 percent until adjusted, except that the base limitation for school  
23 districts for school fiscal years ~~2003-04 and 2004-05 is zero.~~  
24 2009-10 through 2012-13 is one and one-half percent. The base  
25 limitation may be adjusted annually by the Legislature to reflect

1 changes in the prices of services and products used by school  
2 districts and political subdivisions.

3 Sec. 3. Section 79-1001, Reissue Revised Statutes of  
4 Nebraska, is amended to read:

5 79-1001 Sections 79-1001 to 79-1033 and sections 20 and  
6 21 of this act shall be known and may be cited as the Tax Equity  
7 and Educational Opportunities Support Act.

8 Sec. 4. Section 79-1003, Reissue Revised Statutes of  
9 Nebraska, is amended to read:

10 79-1003 For purposes of the Tax Equity and Educational  
11 Opportunities Support Act:

12 (1) Adjusted general fund operating expenditures means  
13 (a) for school fiscal years before school fiscal year 2007-08,  
14 general fund operating expenditures as calculated pursuant to  
15 subdivision (21) of this section minus the transportation allowance  
16 and minus the special receipts allowance, (b) for school fiscal  
17 year 2007-08, general fund operating expenditures as calculated  
18 pursuant to subdivision (21) of this section minus the sum of  
19 the transportation, special receipts, and distance education  
20 and telecommunications allowances, (c) for school fiscal year  
21 2008-09, the difference of the product of the general fund  
22 operating expenditures as calculated pursuant to subdivision (21)  
23 of this section multiplied by the cost growth factor calculated  
24 pursuant to section 79-1007.10 minus the transportation allowance,  
25 special receipts allowance, poverty allowance, limited English

1 proficiency allowance, distance education and telecommunications  
2 allowance, elementary site allowance, elementary class size  
3 allowance, summer school allowance, and focus school and program  
4 allowance, (d) for school fiscal years 2009-10 through 2012-13,  
5 the difference of the product of the general fund operating  
6 expenditures as calculated pursuant to subdivision (21) of this  
7 section multiplied by the cost growth factor calculated pursuant  
8 to section 79-1007.10 minus the transportation allowance, special  
9 receipts allowance, poverty allowance, limited English proficiency  
10 allowance, distance education and telecommunications allowance,  
11 elementary site allowance, elementary class size allowance, summer  
12 school allowance, instructional time allowance, and focus school  
13 and program allowance, and (e) for school fiscal year 2013-14  
14 and each school fiscal year thereafter, the difference of the  
15 product of the general fund operating expenditures as calculated  
16 pursuant to subdivision (21) of this section multiplied by the  
17 cost growth factor calculated pursuant to section 79-1007.10  
18 minus the transportation allowance, special receipts allowance,  
19 poverty allowance, limited English proficiency allowance, distance  
20 education and telecommunications allowance, elementary site  
21 allowance, summer school allowance, instructional time allowance,  
22 and focus school and program allowance;

23 (2) Adjusted valuation means the assessed valuation of  
24 taxable property of each local system in the state, adjusted  
25 pursuant to the adjustment factors described in section 79-1016.

1 Adjusted valuation means the adjusted valuation for the property  
2 tax year ending during the school fiscal year immediately preceding  
3 the school fiscal year in which the aid based upon that value is  
4 to be paid. For purposes of determining the local effort rate yield  
5 pursuant to section 79-1015.01, adjusted valuation does not include  
6 the value of any property which a court, by a final judgment from  
7 which no appeal is taken, has declared to be nontaxable or exempt  
8 from taxation;

9 (3) Allocated income tax funds means the amount of  
10 assistance paid to a local system pursuant to section 79-1005.01 or  
11 79-1005.02 as adjusted by the minimum levy adjustment pursuant to  
12 section 79-1008.02;

13 (4) Average daily attendance of a student who resides on  
14 Indian land means average daily attendance of a student who resides  
15 on Indian land from the most recent data available on November 1  
16 preceding the school fiscal year in which aid is to be paid;

17 (5) Average daily membership means the average daily  
18 membership for grades kindergarten through twelve attributable to  
19 the local system, as provided in each district's annual statistical  
20 summary, and includes the proportionate share of students enrolled  
21 in a public school instructional program on less than a full-time  
22 basis;

23 (6) Base fiscal year means the first school fiscal year  
24 following the school fiscal year in which the reorganization or  
25 unification occurred;

1 (7) Board means the school board of each school district;

2 (8) Categorical funds means funds limited to a specific  
3 purpose by federal or state law, including, but not limited to,  
4 Title I funds, Title VI funds, federal vocational education funds,  
5 federal school lunch funds, Indian education funds, Head Start  
6 funds, and funds from the Education Innovation Fund;

7 (9) Consolidate means to voluntarily reduce the number of  
8 school districts providing education to a grade group and does not  
9 include dissolution pursuant to section 79-498;

10 (10) Department means the State Department of Education;

11 (11) District means any Class I, II, III, IV, V, or VI  
12 school district;

13 (12) Ensuing school fiscal year means the school fiscal  
14 year following the current school fiscal year;

15 (13) Equalization aid means the amount of assistance  
16 calculated to be paid to a local system pursuant to sections  
17 79-1007.11 to 79-1007.23, 79-1008.01 to 79-1022, and 79-1022.02;

18 (14) Fall membership means the total membership in  
19 kindergarten through grade twelve attributable to the local system  
20 as reported on the fall school district membership reports for each  
21 district pursuant to section 79-528;

22 (15) Fiscal year means the state fiscal year which is the  
23 period from July 1 to the following June 30;

24 (16) Formula students means:

25 (a) For school fiscal years prior to school fiscal year

1 2008-09, (i) for state aid certified pursuant to section 79-1022,  
2 the sum of fall membership from the school fiscal year immediately  
3 preceding the school fiscal year in which the aid is to be paid,  
4 multiplied by the average ratio of average daily membership to fall  
5 membership for the second school fiscal year immediately preceding  
6 the school fiscal year in which aid is to be paid and the prior  
7 two school fiscal years, plus qualified early childhood education  
8 fall membership plus tuitioned students from the school fiscal year  
9 immediately preceding the school fiscal year in which the aid is  
10 to be paid and (ii) for final calculation of state aid pursuant to  
11 section 79-1065, the sum of average daily membership plus qualified  
12 early childhood education average daily membership plus tuitioned  
13 students from the school fiscal year immediately preceding the  
14 school fiscal year in which the aid was paid; and

15 (b) For school fiscal year 2008-09 and each school fiscal  
16 year thereafter, (i) for state aid certified pursuant to section  
17 79-1022, the sum of the product of fall membership from the school  
18 fiscal year immediately preceding the school fiscal year in which  
19 the aid is to be paid multiplied by the average ratio of average  
20 daily membership to fall membership for the second school fiscal  
21 year immediately preceding the school fiscal year in which the aid  
22 is to be paid and the prior two school fiscal years plus sixty  
23 percent of the qualified early childhood education fall membership  
24 plus tuitioned students from the school fiscal year immediately  
25 preceding the school fiscal year in which aid is to be paid minus

1 the product of the number of students enrolled in kindergarten that  
2 is not full-day kindergarten from the fall membership multiplied by  
3 0.5 and (ii) for final calculation of state aid pursuant to section  
4 79-1065, the sum of average daily membership plus sixty percent of  
5 the qualified early childhood education average daily membership  
6 plus tuitioned students minus the product of the number of students  
7 enrolled in kindergarten that is not full-day kindergarten from the  
8 average daily membership multiplied by 0.5 from the school fiscal  
9 year immediately preceding the school fiscal year in which aid was  
10 paid;

11 (17) Free lunch and free milk student means a student  
12 who qualified for free lunches or free milk from the most recent  
13 data available on November 1 of the school fiscal year immediately  
14 preceding the school fiscal year in which aid is to be paid;

15 (18) Full-day kindergarten means kindergarten offered by  
16 a district for at least one thousand thirty-two instructional  
17 hours;

18 (19) General fund budget of expenditures means the total  
19 budget of disbursements and transfers for general fund purposes as  
20 certified in the budget statement adopted pursuant to the Nebraska  
21 Budget Act, except that for purposes of the limitation imposed in  
22 section 79-1023 and the calculation pursuant to subdivision (2) of  
23 section 79-1027.01, the general fund budget of expenditures does  
24 not include any special grant funds, exclusive of local matching  
25 funds, received by a district;

1           (20) General fund expenditures means all expenditures  
2 from the general fund;

3           (21) General fund operating expenditures means:

4           (a) For state aid calculated for school fiscal years  
5 prior to school fiscal year 2008-09, the total general fund  
6 expenditures minus categorical funds, tuition paid, transportation  
7 fees paid to other districts, adult education, summer school,  
8 community services, redemption of the principal portion of general  
9 fund debt service, retirement incentive plans, staff development  
10 assistance, and transfers from other funds into the general fund  
11 for the second school fiscal year immediately preceding the school  
12 fiscal year in which aid is to be paid as reported on the annual  
13 financial report prior to December 1 of the school fiscal year  
14 immediately preceding the school fiscal year in which aid is to be  
15 paid;

16           (b) For state aid calculated for school fiscal year  
17 2008-09, as reported for the second school fiscal year immediately  
18 preceding the school fiscal year in which aid is to be paid  
19 on the annual financial report submitted prior to December  
20 1 of the school fiscal year immediately preceding the school  
21 fiscal year in which aid is to be paid, the total general  
22 fund expenditures minus (i) the amount of all receipts to  
23 the general fund, to the extent that such receipts are not  
24 included in local system formula resources, from early childhood  
25 education tuition, summer school tuition, educational entities as

1 defined in section 79-1201.01 for providing distance education  
2 courses through the Educational Service Unit Coordinating Council  
3 to such educational entities, private foundations, individuals,  
4 associations, charitable organizations, the textbook loan program  
5 authorized by section 79-734, and federal impact aid, (ii)  
6 the amount of expenditures for categorical funds, tuition paid,  
7 transportation fees paid to other districts, adult education,  
8 community services, redemption of the principal portion of general  
9 fund debt service, retirement incentive plans authorized by section  
10 79-855, and staff development assistance authorized by section  
11 79-856, and (iii) the amount of any transfers from the general fund  
12 to any bond fund and transfers from other funds into the general  
13 fund;

14 (c) For state aid calculated for school fiscal year  
15 2009-10, as reported for the second school fiscal year immediately  
16 preceding the school fiscal year in which aid is to be paid  
17 on the annual financial report submitted prior to December  
18 1 of the school fiscal year immediately preceding the school  
19 fiscal year in which aid is to be paid, the total general  
20 fund expenditures minus (i) the amount of all receipts to  
21 the general fund, to the extent that such receipts are not  
22 included in local system formula resources, from early childhood  
23 education tuition, summer school tuition, educational entities as  
24 defined in section 79-1201.01 for providing distance education  
25 courses through the Educational Service Unit Coordinating Council

1 to such educational entities, private foundations, individuals,  
2 associations, charitable organizations, the textbook loan program  
3 authorized by section 79-734, and federal impact aid, (ii)  
4 the amount of expenditures for categorical funds, tuition paid,  
5 transportation fees paid to other districts, adult education,  
6 community services, redemption of the principal portion of general  
7 fund debt service, retirement incentive plans authorized by section  
8 79-855, and staff development assistance authorized by section  
9 79-856, (iii) the amount of any transfers from the general fund to  
10 any bond fund and transfers from other funds into the general fund,  
11 and (iv) any legal expenses in excess of fifteen-hundredths of one  
12 percent of the formula need for the school fiscal year in which the  
13 expenses occurred; and

14 (d) For state aid calculated for school fiscal year  
15 2010-11 and each school fiscal year thereafter, as reported for  
16 the second school fiscal year immediately preceding the school  
17 fiscal year in which aid is to be paid on the annual financial  
18 report submitted prior to December 1 of the school fiscal year  
19 immediately preceding the school fiscal year in which aid is to be  
20 paid, the total general fund expenditures minus (i) the amount of  
21 all receipts to the general fund, to the extent that such receipts  
22 are not included in local system formula resources, from early  
23 childhood education tuition, summer school tuition, educational  
24 entities as defined in section 79-1201.01 for providing distance  
25 education courses through the Educational Service Unit Coordinating

1 Council to such educational entities, private foundations,  
2 individuals, associations, charitable organizations, the textbook  
3 loan program authorized by section 79-734, federal impact aid,  
4 and levy override elections pursuant to section 77-3444, (ii)  
5 the amount of expenditures for categorical funds, tuition paid,  
6 transportation fees paid to other districts, adult education,  
7 community services, redemption of the principal portion of general  
8 fund debt service, retirement incentive plans authorized by section  
9 79-855, and staff development assistance authorized by section  
10 79-856, (iii) the amount of any transfers from the general fund to  
11 any bond fund and transfers from other funds into the general fund,  
12 ~~and~~ (iv) any legal expenses in excess of fifteen-hundredths of one  
13 percent of the formula need for the school fiscal year in which  
14 the expenses occurred, (v) expenditures to pay for sums agreed to  
15 be paid by a school district to certificated employees in exchange  
16 for a voluntary termination occurring prior to July 1, 2009, and  
17 (vi) (A) expenditures in school fiscal years 2009-10 through 2013-14  
18 to pay for employer contributions pursuant to subsection (2) of  
19 section 79-958 to the School Retirement System of the State of  
20 Nebraska to the extent that such expenditures exceed the employer  
21 contributions under such subsection that would have been made at a  
22 contribution rate of seven and thirty-five hundredths percent or  
23 (B) expenditures in school fiscal years 2009-10 through 2013-14  
24 to pay for school district contributions pursuant to subdivision  
25 (1) (b) (i) of section 79-9,113 to the Class V School Employees

1 Retirement System to the extent that such expenditures exceed the  
2 school district contributions under such subdivision that would  
3 have been made at a contribution rate of seven and thirty-seven  
4 hundredths percent.

5           For purposes of this subdivision (21) of this section,  
6 receipts from levy override elections shall equal ninety-nine  
7 percent of the difference of the total general fund levy minus  
8 a levy of one dollar and five cents per one hundred dollars of  
9 taxable valuation multiplied by the assessed valuation for school  
10 districts that have voted pursuant to section 77-3444 to override  
11 the maximum levy provided pursuant to section 77-3442;

12           (22) High school district means a school district  
13 providing instruction in at least grades nine through twelve;

14           (23) Income tax liability means the amount of the  
15 reported income tax liability for resident individuals pursuant  
16 to the Nebraska Revenue Act of 1967 less all nonrefundable credits  
17 earned and refunds made;

18           (24) Income tax receipts means the amount of income tax  
19 collected pursuant to the Nebraska Revenue Act of 1967 less all  
20 nonrefundable credits earned and refunds made;

21           (25) Limited English proficiency students means (a) for  
22 school fiscal years prior to school fiscal year 2009-10, the number  
23 of students with limited English proficiency in a district from  
24 the most recent data available on November 1 of the school fiscal  
25 year preceding the school fiscal year in which aid is to be paid

1 and (b) for school fiscal year 2009-10 and each school fiscal year  
2 thereafter, the number of students with limited English proficiency  
3 in a district from the most recent data available on November 1 of  
4 the school fiscal year preceding the school fiscal year in which  
5 aid is to be paid plus the difference of such students with limited  
6 English proficiency minus the average number of limited English  
7 proficiency students for such district, prior to such addition,  
8 for the three immediately preceding school fiscal years if such  
9 difference is greater than zero;

10 (26) Local system means a learning community for purposes  
11 of calculation of state aid for the second full school fiscal  
12 year after becoming a learning community and each school fiscal  
13 year thereafter, a unified system, a Class VI district and the  
14 associated Class I districts, or a Class II, III, IV, or V  
15 district and any affiliated Class I districts or portions of  
16 Class I districts. The membership, expenditures, and resources of  
17 Class I districts that are affiliated with multiple high school  
18 districts will be attributed to local systems based on the percent  
19 of the Class I valuation that is affiliated with each high school  
20 district;

21 (27) Low-income child means (a) for school fiscal years  
22 prior to 2008-09, a child under nineteen years of age living in  
23 a household having an annual adjusted gross income of fifteen  
24 thousand dollars or less for the second calendar year preceding  
25 the beginning of the school fiscal year for which aid is being

1 calculated and (b) for school fiscal year 2008-09 and each school  
2 fiscal year thereafter, a child under nineteen years of age living  
3 in a household having an annual adjusted gross income for the  
4 second calendar year preceding the beginning of the school fiscal  
5 year for which aid is being calculated equal to or less than the  
6 maximum household income that would allow a student from a family  
7 of four people to be a free lunch and free milk student during the  
8 school fiscal year immediately preceding the school fiscal year for  
9 which aid is being calculated;

10 (28) Low-income students means the number of low-income  
11 children within the district multiplied by the ratio of the formula  
12 students in the district divided by the total children under  
13 nineteen years of age residing in the district as derived from  
14 income tax information;

15 (29) Most recently available complete data year means  
16 the most recent single school fiscal year for which the annual  
17 financial report, fall school district membership report, annual  
18 statistical summary, Nebraska income tax liability by school  
19 district for the calendar year in which the majority of the school  
20 fiscal year falls, and adjusted valuation data are available;

21 (30) Poverty students means (a) for school fiscal years  
22 prior to school fiscal year 2009-10, the number of low-income  
23 students or the number of students who are free lunch and free milk  
24 students in a district, whichever is greater, and (b) for school  
25 fiscal year 2009-10 and each school fiscal year thereafter, the

1 number of low-income students or the number of students who are  
2 free lunch and free milk students in a district plus the difference  
3 of the number of low-income students or the number of students  
4 who are free lunch and free milk students in a district, whichever  
5 is greater, minus the average number of poverty students for  
6 such district, prior to such addition, for the three immediately  
7 preceding school fiscal years if such difference is greater than  
8 zero;

9 (31) Qualified early childhood education average daily  
10 membership means the product of the average daily membership for  
11 school fiscal year 2006-07 and each school fiscal year thereafter  
12 of students who will be eligible to attend kindergarten the  
13 following school year and are enrolled in an early childhood  
14 education program approved by the department pursuant to section  
15 79-1103 for such school district for such school year multiplied by  
16 the ratio of the actual instructional hours of the program divided  
17 by one thousand thirty-two if: (a) The program is receiving a grant  
18 pursuant to such section for the third year; (b) the program has  
19 already received grants pursuant to such section for three years;  
20 or (c) the program has been approved pursuant to subsection (5) of  
21 section 79-1103 for such school year and the two preceding school  
22 years, including any such students in portions of any of such  
23 programs receiving an expansion grant;

24 (32) Qualified early childhood education fall membership  
25 means the product of membership on the last Friday in September

1 2006 and each year thereafter of students who will be eligible  
2 to attend kindergarten the following school year and are enrolled  
3 in an early childhood education program approved by the department  
4 pursuant to section 79-1103 for such school district for such  
5 school year multiplied by the ratio of the planned instructional  
6 hours of the program divided by one thousand thirty-two if: (a)  
7 The program is receiving a grant pursuant to such section for the  
8 third year; (b) the program has already received grants pursuant to  
9 such section for three years; or (c) the program has been approved  
10 pursuant to subsection (5) of section 79-1103 for such school year  
11 and the two preceding school years, including any such students in  
12 portions of any of such programs receiving an expansion grant;

13 (33) Regular route transportation means the  
14 transportation of students on regularly scheduled daily routes to  
15 and from the attendance center;

16 (34) Reorganized district means any district involved  
17 in a consolidation and currently educating students following  
18 consolidation;

19 (35) School year or school fiscal year means the fiscal  
20 year of a school district as defined in section 79-1091;

21 (36) Sparse local system means a local system that is not  
22 a very sparse local system but which meets the following criteria:

23 (a)(i) Less than two students per square mile in the  
24 county in which each high school is located, based on the school  
25 district census, (ii) less than one formula student per square

1 mile in the local system, and (iii) more than ten miles between  
2 each high school attendance center and the next closest high school  
3 attendance center on paved roads;

4 (b) (i) Less than one and one-half formula students per  
5 square mile in the local system and (ii) more than fifteen miles  
6 between each high school attendance center and the next closest  
7 high school attendance center on paved roads;

8 (c) (i) Less than one and one-half formula students per  
9 square mile in the local system and (ii) more than two hundred  
10 seventy-five square miles in the local system; or

11 (d) (i) Less than two formula students per square mile in  
12 the local system and (ii) the local system includes an area equal  
13 to ninety-five percent or more of the square miles in the largest  
14 county in which a high school attendance center is located in the  
15 local system;

16 (37) Special education means specially designed  
17 kindergarten through grade twelve instruction pursuant to section  
18 79-1125, and includes special education transportation;

19 (38) Special grant funds means the budgeted receipts for  
20 grants, including, but not limited to, Title I funds, Title VI  
21 funds, funds from the Education Innovation Fund, reimbursements  
22 for wards of the court, short-term borrowings including, but  
23 not limited to, registered warrants and tax anticipation notes,  
24 interfund loans, insurance settlements, and reimbursements to  
25 county government for previous overpayment. The state board shall

1 approve a listing of grants that qualify as special grant funds;

2 (39) State aid means the amount of assistance paid to a  
3 district pursuant to the Tax Equity and Educational Opportunities  
4 Support Act;

5 (40) State board means the State Board of Education;

6 (41) State support means all funds provided to districts  
7 by the State of Nebraska for the general fund support of elementary  
8 and secondary education;

9 (42) Statewide average basic funding per formula student  
10 means the statewide total basic funding for all districts divided  
11 by the statewide total formula students for all districts;

12 (43) Statewide average general fund operating  
13 expenditures per formula student means the statewide total  
14 general fund operating expenditures for all districts divided by  
15 the statewide total formula students for all districts;

16 (44) Teacher has the definition found in section 79-101;

17 (45) Temporary aid adjustment factor means (a) for school  
18 fiscal years before school fiscal year 2007-08, one and one-fourth  
19 percent of the sum of the local system's transportation allowance,  
20 the local system's special receipts allowance, and the product  
21 of the local system's adjusted formula students multiplied by  
22 the average formula cost per student in the local system's  
23 cost grouping and (b) for school fiscal year 2007-08, one and  
24 one-fourth percent of the sum of the local system's transportation  
25 allowance, special receipts allowance, and distance education and

1 telecommunications allowance and the product of the local system's  
2 adjusted formula students multiplied by the average formula cost  
3 per student in the local system's cost grouping;

4 (46) Tuitioned students means students in kindergarten  
5 through grade twelve of the district whose tuition is paid by the  
6 district to some other district or education agency; and

7 (47) Very sparse local system means a local system that  
8 has:

9 (a) (i) Less than one-half student per square mile in  
10 each county in which each high school attendance center is located  
11 based on the school district census, (ii) less than one formula  
12 student per square mile in the local system, and (iii) more than  
13 fifteen miles between the high school attendance center and the  
14 next closest high school attendance center on paved roads; or

15 (b) (i) More than four hundred fifty square miles in the  
16 local system, (ii) less than one-half student per square mile in  
17 the local system, and (iii) more than fifteen miles between each  
18 high school attendance center and the next closest high school  
19 attendance center on paved roads.

20 Sec. 5. Section 79-1007.07, Reissue Revised Statutes of  
21 Nebraska, is amended to read:

22 79-1007.07 (1) (a) For school fiscal year 2007-08, the  
23 annual financial report required pursuant to section 79-528 shall  
24 include:

25 (i) The amount of federal funds received based on poverty

1 as defined by the federal program providing the funds; and

2 (ii) The expenditures and sources of funding for each  
3 program related to poverty with a narrative description of the  
4 program and the method used to allocate money to the program and  
5 within the program.

6 (b) The department shall set up accounting codes for the  
7 receipts and expenditures required to be reported on the annual  
8 financial report pursuant to this subsection. The department shall  
9 also determine for each school district an amount that shall  
10 be deemed the poverty allowance for purposes of this section.  
11 Such amount shall equal the adjustments to the weighted formula  
12 students pursuant to subdivision (1)(c)(iii) of section 79-1007.01  
13 multiplied by the average formula cost per student in the school  
14 district's cost grouping.

15 (2)(a) For school fiscal year 2008-09 and each school  
16 fiscal year thereafter, the annual financial report required  
17 pursuant to section 79-528 shall include:

18 (i) The amount of the poverty allowance used in the  
19 certification of state aid pursuant to section 79-1022 for such  
20 school fiscal year;

21 (ii) The amount of federal funds received based on  
22 poverty as defined by the federal program providing the funds;

23 (iii) The expenditures and sources of funding for each  
24 program related to poverty with a narrative description of the  
25 program, the method used to allocate money to the program and

1 within the program, and the program's relationship to the poverty  
2 plan submitted pursuant to section 79-1013 for such school fiscal  
3 year;

4 (iv) The expenditures and sources of funding for support  
5 costs directly attributable to implementing the district's poverty  
6 plan; and

7 (v) An explanation of how any required elements of the  
8 poverty plan for such school fiscal year were met.

9 (b) The department shall set up accounting codes for the  
10 receipts and expenditures required to be reported on the annual  
11 financial report pursuant to this subsection.

12 (3) For school fiscal year 2009-10 and each school  
13 fiscal year thereafter, the department shall determine the poverty  
14 allowance expenditures using the reported expenditures on the  
15 annual financial report for the most recently available complete  
16 data year that would include in the poverty allowance expenditures  
17 only those expenditures that were used to specifically address  
18 issues related to the education of students living in poverty or  
19 to the implementation of the poverty plan, that do not replace  
20 expenditures that would have occurred if the students involved in  
21 the program did not live in poverty, that are not included in  
22 other allowances, and that are paid for with noncategorical funds  
23 generated by state or local taxes or funds distributed through the  
24 Tax Equity and Educational Opportunities Support Act pursuant to  
25 the federal American Recovery and Reinvestment Act of 2009. The

1 department shall establish a procedure to allow school districts to  
2 receive preapproval for categories of expenditures that could be  
3 included in poverty allowance expenditures.

4 (4) For school fiscal year 2009-10 and each school fiscal  
5 year thereafter, if the poverty allowance expenditures do not  
6 equal 117.65 percent or more of the poverty allowance for the  
7 most recently available complete data year, the department shall  
8 calculate a poverty allowance correction. The poverty allowance  
9 correction shall equal the poverty allowance minus eighty-five  
10 percent of the poverty allowance expenditures. If the poverty  
11 allowance expenditures do not equal fifty percent or more of the  
12 allowance for such school fiscal year, the school district shall  
13 also be disqualified from receiving a poverty allowance for the  
14 school fiscal year for which aid is being calculated.

15 (5) For school fiscal year 2010-11 and each school fiscal  
16 year thereafter, if the department determines that the school  
17 district did not meet the required elements of the poverty plan  
18 for the most recently available complete data year, the department  
19 shall calculate a poverty allowance correction equal to fifty  
20 percent of the poverty allowance for such school fiscal year and  
21 the school district shall also be disqualified from receiving a  
22 poverty allowance for the school fiscal year for which aid is being  
23 calculated. Any poverty allowance correction calculated pursuant to  
24 this subsection shall be added to any poverty allowance correction  
25 calculated pursuant to subsection (4) of this section to arrive at

1 the total poverty allowance correction.

2 (6) The department may request additional information  
3 from any school district to assist with calculations and  
4 determinations pursuant to this section. If the school district  
5 does not provide information upon the request of the department  
6 pursuant to this section, the school district shall be disqualified  
7 from receiving a poverty allowance for the school fiscal year for  
8 which aid is being calculated.

9 (7) The department shall annually provide the Legislature  
10 with a report containing a general description of the expenditures  
11 and funding sources for programs related to poverty statewide and  
12 specific descriptions of the expenditures and funding sources for  
13 programs related to poverty for each school district.

14 (8) The state board shall establish a procedure for  
15 appeal of decisions of the department to the state board for a  
16 final determination.

17 Sec. 6. Section 79-1007.09, Reissue Revised Statutes of  
18 Nebraska, is amended to read:

19 79-1007.09 (1)(a) For school fiscal year 2007-08, the  
20 annual financial report required pursuant to section 79-528 shall  
21 include:

22 (i) The amount of federal funds received based on  
23 students who are limited English proficient as defined by the  
24 federal program providing the funds; and

25 (ii) The expenditures and sources of funding for each

1 program related to limited English proficiency with a narrative  
2 description of the program and the method used to allocate money to  
3 the program and within the program.

4 (b) The department shall set up accounting codes for the  
5 receipts and expenditures required to be reported on the annual  
6 financial report pursuant to this subsection. The department shall  
7 also determine for each school district an amount that shall  
8 be deemed the limited English proficiency allowance for purposes  
9 of this section. Such amount shall equal the adjustments to the  
10 weighted formula students pursuant to subdivision (1)(c)(ii) of  
11 section 79-1007.01 multiplied by the average formula cost per  
12 student in the school district's cost grouping.

13 (2)(a) For school fiscal year 2008-09 and each school  
14 fiscal year thereafter, the annual financial report required  
15 pursuant to section 79-528 shall include:

16 (i) The amount of the limited English proficiency  
17 allowance used in the certification of state aid pursuant to  
18 section 79-1022 for such school fiscal year;

19 (ii) The amount of federal funds received based on  
20 students who are limited English proficient as defined by the  
21 federal program providing the funds;

22 (iii) The expenditures and sources of funding for each  
23 program related to limited English proficiency with a narrative  
24 description of the program, the method used to allocate money to  
25 the program and within the program, and the program's relationship

1 to the limited English proficiency plan submitted pursuant to  
2 section 79-1014 for such school fiscal year;

3 (iv) The expenditures and sources of funding for support  
4 costs directly attributable to implementing the district's limited  
5 English proficiency plan; and

6 (v) An explanation of how any required elements of the  
7 limited English proficiency plan for such school fiscal year were  
8 met.

9 (b) The department shall set up accounting codes for the  
10 receipts and expenditures required to be reported on the annual  
11 financial report pursuant to this subsection.

12 (3) For school fiscal year 2009-10 and each school fiscal  
13 year thereafter, the department shall determine the limited English  
14 proficiency allowance expenditures using the reported expenditures  
15 on the annual financial report for the most recently available  
16 complete data year that would only include in the limited English  
17 proficiency allowance expenditures those expenditures that were  
18 used to specifically address issues related to the education of  
19 students with limited English proficiency or to the implementation  
20 of the limited English proficiency plan, that do not replace  
21 expenditures that would have occurred if the students involved  
22 in the program did not have limited English proficiency, that  
23 are not included in other allowances, and that are paid for  
24 with noncategorical funds generated by state or local taxes  
25 or funds distributed through the Tax Equity and Educational

1 Opportunities Support Act pursuant to the federal American Recovery  
2 and Reinvestment Act of 2009. The department shall establish a  
3 procedure to allow school districts to receive preapproval for  
4 categories of expenditures that could be included in limited  
5 English proficiency allowance expenditures.

6 (4) For school fiscal year 2009-10 and each school fiscal  
7 year thereafter, if the limited English proficiency allowance  
8 expenditures do not equal 117.65 percent or more of the limited  
9 English proficiency allowance for the most recently available  
10 complete data year, the department shall calculate a limited  
11 English proficiency allowance correction. The limited English  
12 proficiency allowance correction shall equal the limited English  
13 proficiency allowance minus eighty-five percent of the limited  
14 English proficiency allowance expenditures. If the limited English  
15 proficiency allowance expenditures do not equal fifty percent or  
16 more of the allowance for such school fiscal year, the school  
17 district shall also be disqualified from receiving a limited  
18 English proficiency allowance for the school fiscal year for which  
19 aid is being calculated.

20 (5) For school fiscal year 2010-11 and each school fiscal  
21 year thereafter, if the department determines that the school  
22 district did not meet the required elements of the limited English  
23 proficiency plan for the most recently available complete data  
24 year, the department shall calculate a limited English proficiency  
25 allowance correction equal to fifty percent of the limited English

1 proficiency allowance for such school fiscal year and the school  
2 district shall also be disqualified from receiving a limited  
3 English proficiency allowance for the school fiscal year for which  
4 aid is being calculated. Any limited English proficiency allowance  
5 correction calculated pursuant to this subsection shall be added  
6 to any limited English proficiency allowance correction calculated  
7 pursuant to subsection (4) of this section to arrive at the total  
8 limited English proficiency allowance correction.

9 (6) The department may request additional information  
10 from any school district to assist with calculations and  
11 determinations pursuant to this section. If the school district  
12 does not provide information upon the request of the department  
13 pursuant to this section, the school district shall be disqualified  
14 from receiving a limited English proficiency allowance for the  
15 school fiscal year for which aid is being calculated.

16 (7) The department shall annually provide the Legislature  
17 with a report containing a general description of the expenditures  
18 and funding sources for programs related to limited English  
19 proficiency statewide and specific descriptions of the expenditures  
20 and funding sources for programs related to limited English  
21 proficiency for each school district.

22 (8) The state board shall establish a procedure for  
23 appeal of decisions of the department to the state board for a  
24 final determination.

25 Sec. 7. Section 79-1007.10, Reissue Revised Statutes of

1 Nebraska, is amended to read:

2           79-1007.10 (1) For state aid calculated for school fiscal  
3 year 2008-09 and each school fiscal year thereafter, all school  
4 fiscal years except school fiscal years 2009-10 through 2013-14,  
5 the cost growth factor shall equal the sum of: ~~(1)~~ (a) One; plus  
6 ~~(2)~~ (b) the basic allowable growth rate pursuant to section 79-1025  
7 for the school fiscal year in which the aid is to be distributed;  
8 plus (3) (c) the basic allowable growth rate pursuant to section  
9 79-1025 for the school fiscal year immediately preceding the school  
10 fiscal year in which the aid is to be distributed; plus (4) (d) one  
11 percent.

12           (2) (a) For state aid calculated for school fiscal year  
13 2009-10, the cost growth factor shall equal the sum of: (i) One;  
14 plus (ii) the basic allowable growth rate pursuant to section  
15 79-1025 for the school fiscal year in which the aid is to be  
16 distributed; plus (iii) the basic allowable growth rate pursuant to  
17 section 79-1025 for the school fiscal year immediately preceding  
18 the school fiscal year in which the aid is to be distributed; plus  
19 (iv) one and five-tenths percent.

20           (b) For state aid calculated for school fiscal year  
21 2010-11, the cost growth factor shall equal the sum of: (i) One;  
22 plus (ii) the basic allowable growth rate pursuant to section  
23 79-1025 for the school fiscal year in which the aid is to be  
24 distributed; plus (iii) the basic allowable growth rate pursuant to  
25 section 79-1025 for the school fiscal year immediately preceding

1 the school fiscal year in which the aid is to be distributed; plus  
2 (iv) two percent.

3 (c) For state aid calculated for school fiscal years  
4 2011-12 through 2013-14, the cost growth factor shall equal the sum  
5 of: (i) One; plus (ii) the basic allowable growth rate pursuant to  
6 section 79-1025 for the school fiscal year in which the aid is to  
7 be distributed; plus (iii) the basic allowable growth rate pursuant  
8 to section 79-1025 for the school fiscal year immediately preceding  
9 the school fiscal year in which the aid is to be distributed; plus  
10 (iv) one and five-tenths percent.

11 Sec. 8. Section 79-1007.11, Reissue Revised Statutes of  
12 Nebraska, is amended to read:

13 79-1007.11 (1) Except as otherwise provided in this  
14 section, for school fiscal year 2008-09, each school district's  
15 formula need shall equal the difference of the sum of the school  
16 district's basic funding, poverty allowance, limited English  
17 proficiency allowance, elementary class size allowance, focus  
18 school and program allowance, summer school allowance, special  
19 receipts allowance, transportation allowance, elementary site  
20 allowance, distance education and telecommunications allowance,  
21 averaging adjustment, and teacher education adjustment, minus  
22 the sum of the limited English proficiency allowance correction,  
23 poverty allowance correction, and local choice adjustment.

24 (2) Except as otherwise provided in this section, for  
25 school fiscal years 2009-10 and 2010-11, each school district's

1 formula need shall equal the difference of the sum of the  
2 school district's basic funding, poverty allowance, limited  
3 English proficiency allowance, elementary class size allowance,  
4 focus school and program allowance, summer school allowance,  
5 special receipts allowance, transportation allowance, elementary  
6 site allowance, instructional time allowance, distance education  
7 and telecommunications allowance, averaging adjustment, teacher  
8 education adjustment, new learning community transportation  
9 adjustment, student growth adjustment, and new school adjustment,  
10 minus the sum of the limited English proficiency allowance  
11 correction, poverty allowance correction, and local choice  
12 adjustment.

13 (3) Except as otherwise provided in this section, for  
14 school fiscal years 2011-12 and 2012-13, each school district's  
15 formula need shall equal the difference of the sum of the  
16 school district's basic funding, poverty allowance, limited  
17 English proficiency allowance, elementary class size allowance,  
18 focus school and program allowance, summer school allowance,  
19 special receipts allowance, transportation allowance, elementary  
20 site allowance, instructional time allowance, distance education  
21 and telecommunications allowance, averaging adjustment, teacher  
22 education adjustment, new learning community transportation  
23 adjustment, student growth adjustment, any positive student growth  
24 adjustment correction, and new school adjustment, minus the sum  
25 of the limited English proficiency allowance correction, poverty

1 allowance correction, any negative student growth adjustment  
2 correction, and local choice adjustment.

3 (4) Except as otherwise provided in this section, for  
4 school fiscal year 2013-14 and each school fiscal year thereafter,  
5 each school district's formula need shall equal the difference of  
6 the sum of the school district's basic funding, poverty allowance,  
7 limited English proficiency allowance, focus school and program  
8 allowance, summer school allowance, special receipts allowance,  
9 transportation allowance, elementary site allowance, instructional  
10 time allowance, distance education and telecommunications  
11 allowance, averaging adjustment, teacher education adjustment,  
12 new learning community transportation adjustment, student growth  
13 adjustment, any positive student growth adjustment correction,  
14 and new school adjustment, minus the sum of the limited English  
15 proficiency allowance correction, poverty allowance correction, any  
16 negative student growth adjustment correction, and local choice  
17 adjustment.

18 (5) If the formula need calculated for a school district  
19 pursuant to subsections (1) through (4) of this section is less  
20 than one hundred percent of the formula need for such district  
21 for the school fiscal year immediately preceding the school fiscal  
22 year for which aid is being calculated, the formula need for such  
23 district shall equal one hundred percent of the formula need for  
24 such district for the school fiscal year immediately preceding the  
25 school fiscal year for which aid is being calculated.

1           (6) Except as provided in subsection (8) of this section,  
2 if ~~If~~ the formula need calculated for a school district pursuant  
3 to subsections (1) through (4) of this section is more than one  
4 hundred twelve percent of the formula need for such district for  
5 the school fiscal year immediately preceding the school fiscal  
6 year for which aid is being calculated, the formula need for such  
7 district shall equal one hundred twelve percent of the formula  
8 need for such district for the school fiscal year immediately  
9 preceding the school fiscal year for which aid is being calculated,  
10 except that the formula need shall not be reduced pursuant to  
11 this subsection for any district (a) receiving a student growth  
12 adjustment for the school fiscal year for which aid is being  
13 calculated or (b) for school fiscal year 2008-09, for which  
14 the formula students for the certification of aid pursuant to  
15 section 79-1022 for school fiscal year 2008-09 minus the formula  
16 students for the certification of aid pursuant to section 79-1022  
17 for school fiscal year 2007-08 equals at least the greater of  
18 twenty-five students or one percent of the formula students for the  
19 certification of aid pursuant to section 79-1022 for school fiscal  
20 year 2007-08.

21           (7) For purposes of ~~this subsection,~~ subsections (5) and  
22 (6) of this section, the formula need for the school fiscal year  
23 immediately preceding the school fiscal year for which aid is being  
24 calculated shall be the formula need used in the final calculation  
25 of aid pursuant to section 79-1065 and for districts that were

1 affected by a reorganization with an effective date in the calendar  
2 year preceding the calendar year in which aid is certified for the  
3 school fiscal year for which aid is being calculated, the formula  
4 need for the school fiscal year immediately preceding the school  
5 fiscal year for which aid is being calculated shall be attributed  
6 to the affected school districts based on information provided to  
7 the department by the school districts or proportionally based on  
8 the adjusted valuation transferred if sufficient information has  
9 not been provided to the department.

10 (8) For state aid calculated for the first full school  
11 fiscal year of a new learning community, if the formula need  
12 calculated for a member school district pursuant to subsections  
13 (1) through (5) of this section is less than the sum of the  
14 school district's state aid certified for the school fiscal year  
15 immediately preceding the first full school fiscal year of the  
16 learning community plus the school district's other actual receipts  
17 included in local system formula resources pursuant to section  
18 79-1018.01 for such school fiscal year plus the product of the  
19 school district's general fund levy for such school fiscal year up  
20 to one dollar and five cents multiplied by the school district's  
21 assessed valuation for such school fiscal year, the formula need  
22 for such school district for the school fiscal year for which aid  
23 is being calculated shall equal such sum.

24 Sec. 9. Section 79-1007.18, Reissue Revised Statutes of  
25 Nebraska, is amended to read:

1                   79-1007.18 (1) For school fiscal year 2008-09 and each  
2 school fiscal year thereafter, the department shall calculate an  
3 averaging adjustment for districts if the basic funding per formula  
4 student is less than the ~~statewide average basic funding per~~  
5 ~~formula student~~ averaging adjustment threshold and the general  
6 fund levy for the school fiscal year immediately preceding the  
7 school fiscal year for which aid is being calculated was at least  
8 ninety-six cents per one hundred dollars of taxable valuation  
9 for aid calculated for school fiscal year 2008-09 and at least  
10 one dollar per one hundred dollars of taxable valuation for aid  
11 calculated for school fiscal year 2009-10 and each school fiscal  
12 year thereafter. For school districts that are members of a  
13 learning community, the general fund levy for purposes of this  
14 section includes both the common general fund levy and the school  
15 district general fund levy authorized pursuant to subdivisions  
16 (2)(b) and (2)(c) of section 77-3442. The averaging adjustment  
17 for aid calculated for school fiscal year 2008-09 shall equal  
18 seventy-five percent of the product of the district's formula  
19 students multiplied by the percentage specified in subsection (4)  
20 of this section for such district of the difference between the  
21 ~~statewide average basic funding per formula student~~ averaging  
22 adjustment threshold minus such district's basic funding per  
23 formula student. The averaging adjustment for aid calculated for  
24 school fiscal year 2009-10 and each school fiscal year thereafter  
25 shall equal the district's formula students multiplied by the

1 percentage specified in this section for such district of the  
2 difference between the ~~statewide average basic funding per formula~~  
3 ~~student~~ averaging adjustment threshold minus such district's basic  
4 funding per formula student.

5 (2) (a) For school fiscal year 2008-09, the averaging  
6 adjustment threshold shall equal the statewide average basic  
7 funding per formula student.

8 (b) For school fiscal year 2009-10 and each school fiscal  
9 year thereafter, the averaging adjustment threshold shall equal the  
10 lesser of (i) the averaging adjustment threshold for the school  
11 fiscal year immediately preceding the school fiscal year for which  
12 aid is being calculated increased by the sum of the basic allowable  
13 growth rate plus five-tenths of one percent or (ii) the statewide  
14 average basic funding per formula student for the school fiscal  
15 year for which aid is being calculated.

16 ~~(2)~~ (3) The percentage to be used in the calculation of  
17 an averaging adjustment shall be based on the general fund levy for  
18 the school fiscal year immediately preceding the school fiscal year  
19 for which aid is being calculated.

20 ~~(3)~~ (4) The percentages to be used in the calculation of  
21 averaging adjustments for school fiscal year 2008-09 shall be as  
22 follows:

23 (a) If such levy was at least ninety-six cents per one  
24 hundred dollars of taxable valuation but less than ninety-seven  
25 cents per one hundred dollars of taxable valuation, the percentage

1 shall be ten percent;

2 (b) If such levy was at least ninety-seven cents per one  
3 hundred dollars of taxable valuation but less than ninety-eight  
4 cents per one hundred dollars of taxable valuation, the percentage  
5 shall be twenty percent;

6 (c) If such levy was at least ninety-eight cents per  
7 one hundred dollars of taxable valuation but less than ninety-nine  
8 cents per one hundred dollars of taxable valuation, the percentage  
9 shall be thirty percent;

10 (d) If such levy was at least ninety-nine cents per one  
11 hundred dollars of taxable valuation but less than one dollar per  
12 one hundred dollars of taxable valuation, the percentage shall be  
13 forty percent;

14 (e) If such levy was at least one dollar per one hundred  
15 dollars of taxable valuation but less than one dollar and one cent  
16 per one hundred dollars of taxable valuation, the percentage shall  
17 be fifty percent;

18 (f) If such levy was at least one dollar and one cent per  
19 one hundred dollars of taxable valuation but less than one dollar  
20 and two cents per one hundred dollars of taxable valuation, the  
21 percentage shall be sixty percent;

22 (g) If such levy was at least one dollar and two  
23 cents per one hundred dollars of taxable valuation but less than  
24 one dollar and three cents per one hundred dollars of taxable  
25 valuation, the percentage shall be seventy percent;

1           (h) If such levy was at least one dollar and three cents  
2 per one hundred dollars of taxable valuation but less than one  
3 dollar and four cents per one hundred dollars of taxable valuation,  
4 the percentage shall be eighty percent; and

5           (i) If such levy was at least one dollar and four cents  
6 per one hundred dollars of taxable valuation, the percentage shall  
7 be ninety percent.

8           ~~(4)~~ (5) The percentages to be used in the calculation  
9 of averaging adjustments for school fiscal year 2009-10 and each  
10 school fiscal year thereafter shall be as follows:

11           (a) If such levy was at least one dollar per one hundred  
12 dollars of taxable valuation but less than one dollar and one cent  
13 per one hundred dollars of taxable valuation, the percentage shall  
14 be fifty percent;

15           (b) If such levy was at least one dollar and one cent per  
16 one hundred dollars of taxable valuation but less than one dollar  
17 and two cents per one hundred dollars of taxable valuation, the  
18 percentage shall be sixty percent;

19           (c) If such levy was at least one dollar and two  
20 cents per one hundred dollars of taxable valuation but less than  
21 one dollar and three cents per one hundred dollars of taxable  
22 valuation, the percentage shall be seventy percent;

23           (d) If such levy was at least one dollar and three cents  
24 per one hundred dollars of taxable valuation but less than one  
25 dollar and four cents per one hundred dollars of taxable valuation,

1 the percentage shall be eighty percent; and

2 (e) If such levy was at least one dollar and four cents  
3 per one hundred dollars of taxable valuation, the percentage shall  
4 be ninety percent.

5 Sec. 10. Section 79-1007.23, Reissue Revised Statutes of  
6 Nebraska, is amended to read:

7 79-1007.23 For state aid calculated for school fiscal  
8 year 2009-10 and each school fiscal year thereafter:

9 (1) The department shall calculate an instructional time  
10 allowance for each district equal to the product of the formula  
11 students of such district multiplied by the instructional time  
12 factor for such district multiplied by eighty-five percent of the  
13 statewide average general fund operating expenditures per formula  
14 student;

15 (2) The instructional time factor shall equal the  
16 difference of the ratio of the district's average hours of  
17 instruction for each full-time student during the regular school  
18 year for the most recently available complete data year divided by:

19 (a) For state aid calculated for school fiscal year 2009-10, the  
20 comparison group average hours of instruction for each full-time  
21 student during the regular school year for the most recently  
22 available complete data year minus one; or (b) for state aid  
23 calculated for school fiscal year 2010-11 and each school fiscal  
24 year thereafter, the statewide average hours of instruction for  
25 each full-time student during the regular school year for the most

1 recently available complete data year minus one, except that if  
2 the result is less than zero, the instructional time factor shall  
3 equal zero; and

4 (3) ~~The department shall develop a form for determining~~  
5 ~~the district's average hours of instruction for each full-time~~  
6 ~~student. The comparison group average hours of instruction for each~~  
7 ~~full-time student shall be an average of the averages for the~~  
8 all school districts in the comparison group. The average hours  
9 of instruction shall be defined by the department and shall not  
10 include extracurricular activities outside of the regular school  
11 day or time designated for students to eat lunch. The statewide  
12 average hours of instruction for each full-time student shall be an  
13 average of the averages for all school districts.

14 Sec. 11. Section 79-1007.24, Reissue Revised Statutes of  
15 Nebraska, is amended to read:

16 79-1007.24 (1) For school fiscal year 2008-09, aid  
17 stabilization shall be calculated for each local system and  
18 disbursed in an amount equal to the difference of the state  
19 aid paid to such local system for school fiscal year 2007-08  
20 pursuant to section 79-1022 minus two and one-half percent of the  
21 need calculated for the school fiscal year for which aid is being  
22 calculated and minus the sum of the calculated equalization aid,  
23 allocated income tax funds, and net option funding for such school  
24 fiscal year, except that aid stabilization shall not be less than  
25 zero.

1           (2) For school fiscal year 2009-10, aid stabilization  
2 shall be calculated for each local system and disbursed in an  
3 amount equal to the difference of the state aid paid to such  
4 local system for school fiscal year 2007-08 pursuant to section  
5 79-1022 minus five percent of the need calculated for the school  
6 fiscal year for which aid is being calculated and minus the sum  
7 of the calculated equalization aid, allocated income tax funds, and  
8 net option funding for such school fiscal year, except that aid  
9 stabilization shall not be less than zero. If the amount actually  
10 paid to a local system during school fiscal year 2007-08 was  
11 different than the amount certified pursuant to section 79-1022 due  
12 to a reorganization affecting such local system, the amount that  
13 was actually paid to such local system during such school fiscal  
14 year shall be deemed the amount paid pursuant to section 79-1022.

15           Sec. 12. Section 79-1011, Reissue Revised Statutes of  
16 Nebraska, is amended to read:

17           79-1011 (1) To encourage consolidation of Class II and  
18 III school districts with less than three hundred ninety students,  
19 incentives shall be paid to reorganized Class II, III, IV, or V  
20 districts resulting from consolidations which meet the requirements  
21 of this section. This section shall only apply to consolidations  
22 with an effective date after May 31, ~~2005~~, 2009, and before June 1,  
23 ~~2007~~. 2011.

24           (2) To qualify for incentive payments under this section,  
25 the consolidation must be approved for incentive payments by

1 the State Committee for the Reorganization of School Districts.  
2 Consolidating school districts shall file an application with the  
3 state committee on or before June 15, 2009, or within thirty days  
4 following the issuance of the boundary change order pursuant to  
5 subsection (1) of section 79-479, whichever is later. The state  
6 committee shall approve or disapprove incentive payments within  
7 thirty days after receipt of the application.

8 (3) For incentive payments to be approved by the  
9 state committee, a reorganization study, including efficiency,  
10 demographic, curriculum, facility, financial, and community  
11 components, must be completed prior to the reorganization. If  
12 a study containing such elements ~~is~~ has been completed and the  
13 study indicates that the reorganization will most likely result  
14 in more efficiency in the delivery of educational services or  
15 greater educational opportunities, the state committee may approve  
16 incentive payments.

17 (4) Incentive payments shall be based on the number of  
18 students moving from Class II or III school districts with less  
19 than three hundred ninety students into a reorganized Class II,  
20 III, IV, or V school district with at least three hundred ninety  
21 students based on the average daily membership in each affected  
22 district in the school fiscal year immediately preceding the first  
23 school fiscal year the boundary change will be in effect and the  
24 average daily membership the consolidated district would have had  
25 following the boundary change if it had occurred in the school

1 fiscal year immediately preceding the first school fiscal year  
2 the boundary change will be in effect. The ~~per-student~~ incentive  
3 amount for each district involved in the reorganization having an  
4 average daily membership of less than three hundred ninety students  
5 shall equal ~~four~~ one hundred twenty-five thousand dollars ~~minus~~  
6 plus the product of five hundred dollars per student multiplied by  
7 the difference of three hundred ninety students minus the average  
8 daily membership in such district, ~~multiplied by the ratio of three~~  
9 ~~thousand divided by three hundred ninety.~~ The total incentives for  
10 each such district shall equal the district's per-student incentive  
11 amount multiplied by the district's average daily membership.

12 ~~(5) For school fiscal years 2005-06 and 2006-07, one~~  
13 ~~million dollars shall be transferred from the Education Innovation~~  
14 ~~Fund to the School District Reorganization Fund pursuant to section~~  
15 ~~9-812.~~

16 ~~(6)~~ (5) Except as otherwise provided in this subsection,  
17 base fiscal year incentive payments shall equal fifty percent of  
18 the amount calculated pursuant to subsection (4) of this section.  
19 Base fiscal year incentive payments shall be calculated as of  
20 August 2 immediately preceding the base fiscal year and shall be  
21 paid directly to the reorganized district from the School District  
22 Reorganization Fund pursuant to subsection ~~(5)~~ (6) of this section.  
23 The payments shall be made in ten as nearly as possible equal  
24 payments on the last business day of each month, beginning in  
25 September and ending the following June, for the base fiscal year.

1 If the total amount of base fiscal year incentive payments for  
 2 that school fiscal year exceeds the amount in the School District  
 3 Reorganization Fund, the base fiscal year incentive payments shall  
 4 be reduced proportionately so that the total amount of base fiscal  
 5 year incentive payments equals the amount ~~in the fund~~ of funds  
 6 so appropriated. The base fiscal year incentive payments shall not  
 7 be included in local system formula resources as calculated under  
 8 section 79-1018.01.

9           ~~(7)~~ (6) The amount calculated pursuant to subsection (4)  
 10 of this section minus the amount of base fiscal year incentive  
 11 payments pursuant to subsection ~~(6)~~ (5) of this section shall  
 12 be paid out of any remaining funds in the School District  
 13 Reorganization Fund after base fiscal year incentive payments.  
 14 If the total amount of second-year incentive payments exceeds  
 15 the remaining funds, the second-year incentive payments shall be  
 16 reduced proportionately so that the total amount of second-year  
 17 incentive payments equals the amount in the fund. Second-year  
 18 incentive payments shall not be included in local system formula  
 19 resources as calculated pursuant to section 79-1018.01. ~~included~~  
 20 in the distribution of state aid for the first school fiscal year  
 21 following the base fiscal year.

22           Sec. 13. Section 79-1012, Reissue Revised Statutes of  
 23 Nebraska, is amended to read:

24           79-1012 The School District Reorganization Fund is  
 25 created. The fund shall be administered by the department. The fund

1 shall consist of money transferred from the Education Innovation  
2 Fund and shall be used to provide payments to reorganized school  
3 districts pursuant to section 79-1011, through June 30, 2008, and  
4 to provide temporary funding for aggregation routing equipment  
5 and network transport costs for Network Nebraska pursuant to  
6 section 86-5,101 through June 30, 2010. Any money in excess of  
7 the difference of two hundred thousand dollars minus any amount  
8 previously used to provide temporary funding for aggregation  
9 routing equipment and network transport costs for Network Nebraska  
10 pursuant to section 86-5,101 remaining in the fund on July 1,  
11 2008, shall be transferred to the Education Innovation Fund on such  
12 date. Any money remaining in the School District Reorganization  
13 Fund on July 1, 2010, 2013, shall be transferred to the Education  
14 Innovation Fund on such date. Any money in the School District  
15 Reorganization Fund available for investment shall be invested  
16 by the state investment officer pursuant to the Nebraska Capital  
17 Expansion Act and the Nebraska State Funds Investment Act.

18           Sec. 14. Section 79-1017.01, Reissue Revised Statutes of  
19 Nebraska, is amended to read:

20           79-1017.01 Local system formula resources includes  
21 retirement aid determined under section 21 of this act, allocated  
22 income tax funds determined for each such district pursuant to the  
23 provisions of section 79-1005.01 or 79-1005.02, and adjustments  
24 pursuant to section 79-1008.02.

25           Sec. 15. Section 79-1022, Reissue Revised Statutes of

1 Nebraska, as amended by section 1, Legislative Bill 548, One  
2 Hundred First Legislature, First Session, 2009, is amended to read:  
3           79-1022 (1) On or before June 1, 2009, on or before March  
4 1, 2010, and on or before February 1 of each year thereafter,  
5 the department shall determine the amounts to be distributed to  
6 each local system and each district pursuant to the Tax Equity  
7 and Educational Opportunities Support Act and shall certify the  
8 amounts to the Director of Administrative Services, the Auditor of  
9 Public Accounts, each learning community, and each district. The  
10 amount to be distributed to each district that is not a member  
11 of a learning community from the amount certified for a local  
12 system shall be proportional based on: (a) For school fiscal years  
13 prior to school fiscal year 2008-09, the weighted formula students  
14 attributed to each district in the local system; and (b) for school  
15 fiscal year 2008-09 and each school fiscal year thereafter, the  
16 formula students attributed to each district in the local system.  
17 ~~For the first five complete school fiscal years for a learning~~  
18 ~~community, the amount to be distributed to each district that is a~~  
19 ~~member of such learning community shall be determined pursuant to~~  
20 ~~section 79-1015. For each school fiscal year thereafter, the The~~  
21 amount to be distributed to each district that is a member of a  
22 learning community from the amount certified for the local system  
23 shall be proportional based on the formula needs calculated for  
24 each district in the local system. On or before June 1, 2009, on  
25 or before March 1, 2010, and on or before February 1 of each year

1 thereafter, the department shall report the necessary funding level  
2 to the Governor, the Appropriations Committee of the Legislature,  
3 and the Education Committee of the Legislature. Certified state  
4 aid amounts, including adjustments pursuant to section 79-1065.02,  
5 shall be shown as budgeted non-property-tax receipts and deducted  
6 prior to calculating the property tax request in the district's  
7 general fund budget statement as provided to the Auditor of Public  
8 Accounts pursuant to section 79-1024.

9 (2) Except as provided in subsection (8) of section  
10 79-1016 and sections 79-1033 and 79-1065.02, the amounts certified  
11 pursuant to subsection (1) of this section shall be distributed in  
12 ten as nearly as possible equal payments on the last business day  
13 of each month beginning in September of each ensuing school fiscal  
14 year and ending in June of the following year, except that when a  
15 school district is to receive a monthly payment of less than one  
16 thousand dollars, such payment shall be one lump-sum payment on  
17 the last business day of December during the ensuing school fiscal  
18 year.

19 Sec. 16. Section 79-1023, Reissue Revised Statutes of  
20 Nebraska, as amended by section 2, Legislative Bill 548, One  
21 Hundred First Legislature, First Session, 2009, is amended to read:

22 79-1023 (1) On or before June 1, 2009, on or before March  
23 1, 2010, and on or before February 1 of each year thereafter,  
24 the department shall determine and certify to each school district  
25 the maximum general fund budget of expenditures minus the special

1 education budget of expenditures for the immediately following  
2 school fiscal year.

3 ~~(2) For school fiscal years prior to 2008-09, no Class~~  
4 ~~II, III, IV, V, or VI district shall increase its general fund~~  
5 ~~budget of expenditures more than the local system's applicable~~  
6 ~~allowable growth rate.~~

7 ~~(3) For school fiscal year 2008-09 and each school~~  
8 ~~fiscal year thereafter, except (2) Except as provided in section~~  
9 ~~79-1028.01, no school district shall have a general fund budget of~~  
10 ~~expenditures minus special grant funds and the special education~~  
11 ~~budget of expenditures more than the greater of (a) the product~~  
12 ~~of the difference of the general fund budget of expenditures~~  
13 ~~minus special grant funds and the special education budget of~~  
14 ~~expenditures for the immediately preceding school fiscal year~~  
15 ~~multiplied by the sum of one plus the local system's applicable~~  
16 ~~allowable growth rate or (b)(i) except as otherwise provided in~~  
17 ~~subdivision (b)(ii) of this subsection, the difference of one~~  
18 ~~hundred twenty percent of formula need for such school fiscal year~~  
19 ~~minus the product of the sum of one plus the basic allowable~~  
20 ~~growth rate for such school fiscal year multiplied by the special~~  
21 ~~education budget of expenditures as filed on the school district~~  
22 ~~budget statement on or before September 20 for the immediately~~  
23 ~~preceding school fiscal year or (ii) for school fiscal years~~  
24 ~~2009-10 and 2010-11, the difference of one hundred sixteen and~~  
25 ~~fifteen-hundredths percent of formula need for such school fiscal~~

1 year minus the product of the sum of one plus the basic allowable  
2 growth rate for such school fiscal year multiplied by the special  
3 education budget of expenditures as filed on the school district  
4 budget statement on or before September 20 for the immediately  
5 preceding school fiscal year.

6           Sec. 17. Section 79-1026.01, Reissue Revised Statutes  
7 of Nebraska, as amended by section 3, Legislative Bill 548, One  
8 Hundred First Legislature, First Session, 2009, is amended to read:

9           79-1026.01 For school fiscal year 2008-09 and each school  
10 fiscal year thereafter, on or before June 1, 2009, on or before  
11 March 1, 2010, and on or before February 1 of each year thereafter,  
12 the department shall determine and certify to each Class II, III,  
13 IV, or V district an applicable allowable growth rate carried out  
14 at least four decimal places as follows:

15           (1) The department shall establish a target budget level  
16 range of general fund operating expenditure levels for each school  
17 fiscal year for each school district which shall begin at twenty  
18 percent less than the school district's formula need and end at the  
19 school district's formula need. The beginning point of the range  
20 shall be assigned a number equal to the maximum allowable growth  
21 rate established in section 79-1025, and the end point of the range  
22 shall be assigned a number equal to the basic allowable growth rate  
23 as prescribed in such section such that the lower end of the range  
24 shall be assigned the maximum allowable growth rate and the higher  
25 end of the range shall be assigned the basic allowable growth rate;

1 and

2 (2) For each school fiscal year, each school district's  
3 general fund operating expenditures shall be compared to its target  
4 budget level along the range described in subdivision (1) of  
5 this section to arrive at an applicable allowable growth rate  
6 as follows: If each school district's general fund operating  
7 expenditures fall below the lower end of the range, such applicable  
8 allowable growth rate shall be the maximum growth rate identified  
9 in section 79-1025. If each school district's general fund  
10 operating expenditures are greater than the higher end of the  
11 range, the school district's allowable growth rate shall be the  
12 basic allowable growth rate identified in such section. If each  
13 school district's general fund operating expenditures fall between  
14 the lower end and the higher end of the range, the department shall  
15 use a linear interpolation calculation between the end points of  
16 the range to arrive at the applicable allowable growth rate for the  
17 school district.

18 Sec. 18. Section 79-1027, Reissue Revised Statutes of  
19 Nebraska, as amended by section 4, Legislative Bill 548, One  
20 Hundred First Legislature, First Session, 2009, is amended to read:

21 79-1027 No district shall adopt a budget, which includes  
22 total requirements of depreciation funds, necessary employee  
23 benefit fund cash reserves, and necessary general fund cash  
24 reserves, exceeding the applicable allowable reserve percentages  
25 of total general fund budget of expenditures as specified in the

1 schedule set forth in this section.

2	Average daily	Allowable
3	membership of	reserve
4	district	percentage
5	0 - 471	45
6	471.01 - 3,044	35
7	3,044.01 - 10,000	25
8	10,000.01 and over	20

9 On or before June 1, 2009, on or before March 1, 2010,  
10 and on or before February 1 each year thereafter, the department  
11 shall determine and certify each district's applicable allowable  
12 reserve percentage.

13 Each district with combined necessary general fund cash  
14 reserves, total requirements of depreciation funds, and necessary  
15 employee benefit fund cash reserves less than the applicable  
16 allowable reserve percentage specified in this section may,  
17 notwithstanding the district's applicable allowable growth rate,  
18 increase its necessary general fund cash reserves such that the  
19 total necessary general fund cash reserves, total requirements  
20 of depreciation funds, and necessary employee benefit fund  
21 cash reserves do not exceed such applicable allowable reserve  
22 percentage.

23 Sec. 19. Section 79-1028.01, Reissue Revised Statutes of  
24 Nebraska, is amended to read:

25 79-1028.01 (1) For school fiscal year 2008-09 and each

1 school fiscal year thereafter, a school district may exceed its  
2 maximum general fund budget of expenditures minus the special  
3 education budget of expenditures by a specific dollar amount for:

4 ~~(1)~~ (a) Expenditures for repairs to infrastructure  
5 damaged by a natural disaster which is declared a disaster  
6 emergency pursuant to the Emergency Management Act;

7 ~~(2)~~ (b) Expenditures for judgments, except judgments  
8 or orders from the Commission of Industrial Relations, obtained  
9 against a school district which require or obligate a school  
10 district to pay such judgment, to the extent such judgment is not  
11 paid by liability insurance coverage of a school district;

12 ~~(3)~~ (c) Expenditures pursuant to the Retirement Incentive  
13 Plan authorized in section 79-855 or the Staff Development  
14 Assistance authorized in section 79-856;

15 ~~(4)~~ (d) Expenditures of incentive payments or base fiscal  
16 year incentive payments to be received in such school fiscal year  
17 pursuant to section 79-1011;

18 ~~(5)~~ (e) Expenditures of amounts received from educational  
19 entities as defined in section 79-1201.01 for providing distance  
20 education courses through the Educational Service Unit Coordinating  
21 Council to such educational entities;

22 ~~(6)~~ (f) Either ~~(a)~~ (i) the first and second school fiscal  
23 years the district will be participating in Network Nebraska for  
24 the full school fiscal year or ~~(b)~~ (ii) school fiscal year 2008-09,  
25 if the school district participated in Network Nebraska for all of

1 school fiscal year 2007-08, for the difference of the estimated  
2 expenditures for such school fiscal year for telecommunications  
3 services, access to data transmission networks that transmit data  
4 to and from the school district, and the transmission of data on  
5 such networks as such expenditures are defined by the department  
6 for purposes of the distance education and telecommunications  
7 allowance minus the dollar amount of such expenditures for the  
8 second school fiscal year preceding the first full school fiscal  
9 year the district participates in Network Nebraska; and

10 ~~(7)~~ (g) Expenditures to pay another school district for  
11 the transfer of land from such other school district;—

12 (h) Expenditures in school fiscal years 2009-10 through  
13 2013-14 to pay for employer contributions pursuant to subsection  
14 (2) of section 79-958 to the School Retirement System of the  
15 State of Nebraska to the extent that such expenditures exceed the  
16 employer contributions under such subsection that would have been  
17 made at a contribution rate of seven and thirty-five hundredths  
18 percent; and

19 (i) Expenditures in school fiscal years 2009-10 through  
20 2013-14 to pay for school district contributions pursuant to  
21 subdivision (1)(b)(i) of section 79-9,113 to the Class V School  
22 Employees Retirement System to the extent that such expenditures  
23 exceed the school district contributions under such subdivision  
24 that would have been made at a contribution rate of seven and  
25 thirty-seven hundredths percent.

1           (2) For school fiscal year 2009-10 and each school fiscal  
2 year thereafter, a school district may exceed its maximum general  
3 fund budget of expenditures minus the special education budget  
4 of expenditures by a specific dollar amount for (a) expenditures  
5 for sums agreed to be paid by a school district to certificated  
6 employees in exchange for a voluntary termination occurring prior  
7 to July 1, 2009, and (b) expenditures for new elementary attendance  
8 sites in the first year of operation or the first year of operation  
9 after being closed for at least one school year if such elementary  
10 attendance site will most likely qualify for the elementary site  
11 allowance in the immediately following school fiscal year as  
12 determined by the state board.

13           (3) The state board shall approve, deny, or modify the  
14 amount allowed for any exception to the maximum general fund budget  
15 of expenditures minus the special education budget of expenditures  
16 pursuant to this section.

17           Sec. 20. For each of school fiscal years 2009-10 and  
18 2010-11, the American Recovery and Reinvestment Act percentage  
19 shall equal the amount of funding from the federal American  
20 Recovery and Reinvestment Act of 2009 to be distributed through  
21 the Tax Equity and Educational Opportunities Support Act for  
22 such school fiscal year divided by the total equalization aid  
23 to be distributed pursuant to the Tax Equity and Educational  
24 Opportunities Support Act for such school fiscal year. For  
25 each school district, the American Recovery and Reinvestment Act

1 allocation shall equal the equalization aid to be distributed to  
2 the school district for such school fiscal year multiplied by the  
3 American Recovery and Reinvestment Act percentage for such school  
4 fiscal year. Such allocation shall only be distributed upon filing  
5 of an application signed by the superintendent and school board  
6 president of a school district and filed with the department by  
7 the superintendent of such school district, which application meets  
8 the requirements of the federal American Recovery and Reinvestment  
9 Act of 2009 and is approved by the Governor or his or her  
10 designee. A school district shall account for, report, and spend  
11 such allocation as required by the federal American Recovery and  
12 Reinvestment Act of 2009. Such allocation shall not be considered  
13 a special grant fund and shall be considered state aid for all  
14 purposes except as otherwise provided in this section and the  
15 federal American Recovery and Reinvestment Act of 2009.

16           Sec. 21. For school fiscal years 2009-10 through 2013-14,  
17 an amount calculated by the department shall be paid to each school  
18 district as retirement aid equal to the product of fifteen million  
19 dollars multiplied by the school district's salary percentage. The  
20 school district's salary percentage shall equal the total salary  
21 reported by the school district on the annual financial report  
22 for the most recently available complete data year divided by the  
23 total salary reported by all school districts in the state on the  
24 annual financial report for the most recently available complete  
25 data year.

1           Sec. 22. Section 79-1031.01, Reissue Revised Statutes  
2 of Nebraska, as amended by section 5, Legislative Bill 548, One  
3 Hundred First Legislature, First Session, 2009, is amended to read:

4           79-1031.01    The Appropriations Committee of the  
5 Legislature shall annually include the amount necessary to fund the  
6 state aid that will be certified to school districts on or before  
7 June 1, 2009, on or before March 1, 2010, and on or before February  
8 1 for each school year thereafter in its recommendations to the  
9 Legislature to carry out the requirements of the Tax Equity and  
10 Educational Opportunities Support Act.

11           Sec. 23. Section 79-1073, Reissue Revised Statutes of  
12 Nebraska, is amended to read:

13           79-1073 On or before September 1 for each year, each  
14 learning community coordinating council shall determine the  
15 expected amounts to be distributed to each member school district  
16 from general fund property tax receipts pursuant to subdivision  
17 (2)(b) of section 77-3442 and shall certify such amounts to each  
18 member school district and the State Department of Education.  
19 ~~For the first three school fiscal years for which the learning~~  
20 ~~community levies a common general fund property tax for school~~  
21 ~~districts, such property tax receipts shall be divided among~~  
22 ~~member school districts proportionally based on the greater of (1)~~  
23 ~~the difference of the school district's formula need calculated~~  
24 ~~pursuant to the Tax Equity and Educational Opportunities Support~~  
25 ~~Act minus the sum of the state aid certified pursuant to section~~

1 79-1022 and the other actual receipts included in local system  
2 formula resources pursuant to section 79-1018.01 for the school  
3 fiscal year for which the distribution is being made or (2) the  
4 difference of the sum of the state aid certified for the school  
5 fiscal year immediately preceding the first school fiscal year for  
6 which the learning community levies a common general fund property  
7 tax for school districts plus the product of the school district's  
8 general fund levy for such school fiscal year multiplied by the  
9 assessed valuation for such school fiscal year minus the state  
10 aid certified pursuant to section 79-1022 for the school fiscal  
11 year for which the distribution is being made. Thereafter, such  
12 Such property tax receipts shall be divided among member school  
13 districts proportionally based on the difference of the school  
14 district's formula need calculated pursuant to section 79-1007.11  
15 minus the sum of the state aid certified pursuant to section  
16 79-1022 and the other actual receipts included in local system  
17 formula resources pursuant to section 79-1018.01 for the school  
18 fiscal year for which the distribution is being made.

19           Each time a learning community coordinating council  
20 distributes property tax receipts to member school districts,  
21 the amount to be distributed to each district shall be proportional  
22 based on the total amounts to be distributed to each member school  
23 district for the school fiscal year.

24           Sec. 24. Section 79-10,110, Reissue Revised Statutes of  
25 Nebraska, is amended to read:

1                   79-10,110 (1) After making a determination that an actual  
2 or potential environmental hazard or accessibility barrier exists,  
3 that a life safety code violation exists, or that expenditures  
4 are needed for indoor air quality or mold abatement and prevention  
5 within the school buildings or grounds under its control, a school  
6 board may make and deliver to the county clerk of such county  
7 in which any part of the school district is situated, not later  
8 than the date provided in section 13-508, an itemized estimate of  
9 the amounts necessary to be expended for the abatement of such  
10 environmental hazard, for accessibility barrier elimination, or for  
11 modifications for life safety code violations, indoor air quality,  
12 or mold abatement and prevention in such school buildings or  
13 grounds. The board shall conduct a public hearing on the itemized  
14 estimate prior to presenting such estimate to the county clerk.  
15 Notice of the place and time of such hearing shall, at least five  
16 days prior to the date set for hearing, be published in a newspaper  
17 of general circulation within the school district. The board shall  
18 designate the particular environmental hazard abatement project,  
19 accessibility barrier elimination project, or modification for life  
20 safety code violations, indoor air quality, or mold abatement and  
21 prevention for which the tax levy provided for by this section will  
22 be expended, the period of years, which shall not exceed ten years,  
23 for which the tax will be levied for such project, and the amount  
24 of the levy for each year of the period.

25                   (2) After a public hearing, a school board may undertake

1 any qualified capital purpose in any qualified zone academy under  
2 its control and may levy a tax as provided in this section to  
3 repay a qualified zone academy bond issued for such undertaking.  
4 The board shall designate: (a) The the particular qualified capital  
5 purpose for which the qualified zone academy bond was issued and  
6 for which the tax levy provided for by this section will be  
7 expended; (b) 7 the period of years, not exceeding fifteen, for  
8 which the tax will be levied for to repay such qualified zone  
9 academy bond, not exceeding the maximum term for such qualified  
10 zone academy bond established pursuant to federal law or, for any  
11 such bond issued prior to the effective date of this act, fifteen  
12 years; and (c) the amount of the levy for each year of the period.  
13 The hearing required by this subsection shall be held only after  
14 notice of such hearing has been published for three consecutive  
15 weeks prior to the hearing in a legal newspaper published or of  
16 general circulation in the school district.

17 (3) After a public hearing, a school board may undertake  
18 construction of a new public school facility or the acquisition  
19 of land on which such a facility is to be constructed or any  
20 expansion, rehabilitation, modernization, renovation, or repair of  
21 any existing school facilities under its control and may levy a  
22 tax to repay any American Recovery and Reinvestment Act of 2009  
23 bond. The board shall designate: (a) The particular project or  
24 projects for which the bond will be issued and for which the tax  
25 levy provided by this section will be expended; (b) the period of

1 years for which the tax will be levied to repay such bond, not  
2 exceeding the maximum term established pursuant to federal law for  
3 the type of bond as permitted by the federal American Recovery and  
4 Reinvestment Act of 2009 or, if no such term is established, thirty  
5 years; and (c) the amount of the levy for each year of such period.  
6 Prior to the public hearing, the school board shall prepare an  
7 itemized estimate of the amounts necessary to be expended for the  
8 project or projects. The hearing required by the subsection shall  
9 be held only after notice of such hearing has been published for  
10 three consecutive weeks prior to the hearing in a legal newspaper  
11 published or of general circulation in the school district. The  
12 bond to be issued under this subsection may consist of any type  
13 or form of bond permitted by the federal American Recovery and  
14 Reinvestment Act of 2009 except qualified zone academy bonds, the  
15 use of which is authorized pursuant to subsection (2) of this  
16 section.

17 ~~(3)~~ (4) The board may designate more than one project  
18 under subsection (1) of this section, more than one ~~or~~ qualified  
19 capital purpose under subsection (2) of this section, or more  
20 than one American Recovery and Reinvestment Act of 2009 purpose  
21 under subsection (3) of this section and levy a tax pursuant  
22 to this section for each such project, ~~or~~ qualified capital  
23 purpose, or American Recovery and Reinvestment Act of 2009 purpose,  
24 concurrently or consecutively, as the case may be, if the aggregate  
25 levy in each year and the duration of each such levy will not

1 exceed the limitations specified in this section. Each levy for a  
2 project, a ~~or~~ qualified capital purpose, or an American Recovery  
3 and Reinvestment Act of 2009 purpose which is authorized by this  
4 section may be imposed for such duration as the board specifies,  
5 notwithstanding the contemporaneous existence or subsequent  
6 imposition of any other levy for another project, ~~or~~ qualified  
7 capital purpose, or American Recovery and Reinvestment Act of 2009  
8 purpose imposed pursuant to this section and notwithstanding the  
9 subsequent issuance by the district of bonded indebtedness payable  
10 from its general fund levy.

11 ~~(4)~~ (5) The county clerk shall levy such taxes, not to  
12 exceed five and one-fifth cents per one hundred dollars of taxable  
13 valuation for Class II, III, IV, V, and VI districts, and not to  
14 exceed the limits set for Class I districts in section 79-10,124,  
15 on the taxable property of the district necessary to (a) cover the  
16 environmental hazard abatement or accessibility barrier elimination  
17 project costs or costs for modification for life safety code  
18 violations, indoor air quality, or mold abatement and prevention  
19 itemized by the board pursuant to subsection (1) of this section  
20 and (b) repay any qualified zone academy bonds or American Recovery  
21 and Reinvestment Act of 2009 bonds pursuant to subsection (2) or  
22 (3) of this section. Such taxes shall be collected by the county  
23 treasurer at the same time and in the same manner as county taxes  
24 are collected and when collected shall be paid to the treasurer of  
25 the district and used to cover the project costs.

1           ~~(5)~~ (6) If such board operates grades nine through  
2 twelve as part of an affiliated school system, it shall designate  
3 the fraction of the project or undertaking to be conducted for  
4 the benefit of grades nine through twelve. Such fraction shall  
5 be raised by a levy placed upon all of the taxable value of  
6 all taxable property in the affiliated school system pursuant to  
7 subsection (2) of section 79-1075. The balance of the project or  
8 undertaking to be conducted for the benefit of grades kindergarten  
9 through eight shall be raised by a levy placed upon all of the  
10 taxable value of all taxable property in the district which is  
11 governed by such board. The combined rate for both levies in the  
12 high school district, to be determined by such board, shall not  
13 exceed five and one-fifth cents on each one hundred dollars of  
14 taxable value.

15           ~~(6)~~ (7) Each board which submits an itemized estimate  
16 shall establish an environmental hazard abatement and accessibility  
17 barrier elimination project account, a life safety code  
18 modification project account, an indoor air quality project  
19 account, or a mold abatement and prevention project account, ~~and~~  
20 each board which undertakes a qualified capital purpose shall  
21 establish a qualified capital purpose undertaking account, within  
22 the qualified capital purpose undertaking fund, and each board  
23 which undertakes an American Recovery and Reinvestment Act of 2009  
24 purpose shall establish an American Recovery and Reinvestment Act  
25 of 2009 purpose undertaking account. Taxes collected pursuant to

1 this section shall be credited to the appropriate account to cover  
2 the project or undertaking costs. Such estimates may be presented  
3 to the county clerk and taxes levied accordingly.

4 ~~(7)~~ (8) For purposes of this section:

5 (a) Abatement includes, but is not limited to, any  
6 inspection and testing regarding environmental hazards, any  
7 maintenance to reduce, lessen, put an end to, diminish, moderate,  
8 decrease, control, dispose of, or eliminate environmental hazards,  
9 any removal or encapsulation of environmentally hazardous material  
10 or property, any restoration or replacement of material or  
11 property, any related architectural and engineering services, and  
12 any other action to reduce or eliminate environmental hazards in  
13 the school buildings or on the school grounds under the board's  
14 control, except that abatement does not include the encapsulation  
15 of any material containing more than one percent friable asbestos;

16 (b) Accessibility barrier means anything which impedes  
17 entry into, exit from, or use of any building or facility by all  
18 people;

19 (c) Accessibility barrier elimination includes, but is  
20 not limited to, inspection for and removal of accessibility  
21 barriers, maintenance to reduce, lessen, put an end to, diminish,  
22 control, dispose of, or eliminate accessibility barriers, related  
23 restoration or replacement of facilities or property, any related  
24 architectural and engineering services, and any other action to  
25 eliminate accessibility barriers in the school buildings or grounds

1 under the board's control;

2 (d) American Recovery and Reinvestment Act of 2009 bond  
3 means any type or form of bond permitted by the federal American  
4 Recovery and Reinvestment Act of 2009 for use by schools, except  
5 qualified zone academy bonds;

6 (e) American Recovery and Reinvestment Act of 2009  
7 purpose means any construction of a new public school facility  
8 or the acquisition of land on which such a facility is to  
9 be constructed or any expansion, rehabilitation, modernization,  
10 renovation, or repair of any existing school facilities financed in  
11 whole or in part with an American Recovery and Reinvestment Act of  
12 2009 bond;

13 ~~(d)~~ (f) Environmental hazard means any contamination of  
14 the air, water, or land surface or subsurface caused by any  
15 substance adversely affecting human health or safety if such  
16 substance has been declared hazardous by a federal or state  
17 statute, rule, or regulation;

18 ~~(e)~~ (g) Modification for indoor air quality includes, but  
19 is not limited to, any inspection and testing regarding indoor  
20 air quality, any maintenance to reduce, lessen, put an end to,  
21 diminish, moderate, decrease, control, dispose of, or eliminate  
22 indoor air quality problems, any restoration or replacement of  
23 material or related architectural and engineering services, and any  
24 other action to reduce or eliminate indoor air quality problems  
25 or to enhance air quality conditions in new or existing school

1 buildings or on school grounds under the control of a school board;  
2 ~~(f)~~ (h) Modification for life safety code violation  
3 includes, but is not limited to, any inspection and testing  
4 regarding life safety codes, any maintenance to reduce, lessen,  
5 put an end to, diminish, moderate, decrease, control, dispose of,  
6 or eliminate life safety hazards, any restoration or replacement  
7 of material or property, any related architectural and engineering  
8 services, and any other action to reduce or eliminate life safety  
9 hazards in new or existing school buildings or on school grounds  
10 under the control of a school board;

11 ~~(g)~~ (i) Modification for mold abatement and prevention  
12 includes, but is not limited to, any inspection and testing  
13 regarding mold abatement and prevention, any maintenance to reduce,  
14 lessen, put an end to, diminish, moderate, decrease, control,  
15 dispose of, or eliminate mold problems, any restoration or  
16 replacement of material or related architectural and engineering  
17 services, and any other action to reduce or eliminate mold problems  
18 or to enhance air quality conditions in new or existing school  
19 buildings or on school grounds under the control of a school board;

20 ~~(h)~~ (j) Qualified capital purpose means (i)  
21 rehabilitating or repairing the public school facility in  
22 which the qualified zone academy is established or (ii) providing  
23 equipment for use at such qualified zone academy;

24 ~~(i)~~ (k) Qualified zone academy has the meaning found in  
25 (i) 26 U.S.C. 1397E(d)(4), as such section existed on ~~April 6,~~

1 2001, October 3, 2008, for qualified zone academy bonds issued on  
2 or before such date, and (ii) 26 U.S.C. 54E(d)(1), as such section  
3 existed on October 4, 2008, for qualified zone academy bonds issued  
4 on or after such date;

5 ~~(j)~~ (l) Qualified zone academy allocation means the  
6 allocation of the qualified zone academy bond limitation by the  
7 State Department of Education to the qualified zone academies  
8 pursuant to (i) 26 U.S.C. 1397E(e)(2), as such section existed  
9 on ~~April 6, 2001,~~ October 3, 2008, for allocations relating to  
10 qualified zone academy bonds issued on or before such date, and  
11 (ii) 26 U.S.C. 54E(c)(2), as such section existed on October 4,  
12 2008, for allocations relating to qualified zone academy bonds  
13 issued on or after such date; and

14 ~~(k)~~ (m) Qualified zone academy bond has the meaning found  
15 in (i) 26 U.S.C. 1397E(d)(1), as such section existed on ~~May 8,~~  
16 2001, October 3, 2008, for such bonds issued on or before such  
17 date, and (ii) 26 U.S.C. 54E(a), as such section existed on October  
18 4, 2008, for such bonds issued on or after such date.

19 ~~(8)~~ (9) Accessibility barrier elimination project  
20 costs includes, but is not limited to, inspection, maintenance,  
21 accounting, emergency services, consultation, or any other action  
22 to reduce or eliminate accessibility barriers.

23 ~~(9)~~ (10) For the purpose of paying amounts necessary  
24 for the abatement of environmental hazards, accessibility barrier  
25 elimination, or modifications for life safety code violations,

1 indoor air quality, ~~or~~ mold abatement and prevention, or for an  
2 American Recovery and Reinvestment Act of 2009 purpose, the board  
3 may borrow money, establish a sinking fund, and issue bonds and  
4 other evidences of indebtedness of the district, which bonds and  
5 other evidences of indebtedness shall be secured by and payable  
6 from an irrevocable pledge by the district of amounts received in  
7 respect of the tax levy provided for by this section and any other  
8 funds of the district available therefor. Bonds and other evidences  
9 of indebtedness issued by a district pursuant to this subsection  
10 shall not constitute a general obligation of the district or be  
11 payable from any portion of its general fund levy.

12 ~~(10)~~ (11) The total principal amount of bonds for  
13 modifications to correct life safety code violations, for indoor  
14 air quality problems, ~~or~~ for mold abatement and prevention, or for  
15 an American Recovery and Reinvestment Act of 2009 purpose which  
16 may be issued pursuant to this section shall not exceed the total  
17 amount specified in the itemized estimate described in ~~subsection~~  
18 ~~(1)~~ subsections (1) and (3) of this section.

19 ~~(11)~~ (12) The total principal amount of qualified zone  
20 academy bonds which may be issued pursuant to this section for  
21 qualified capital purposes with respect to a qualified zone academy  
22 shall not exceed the qualified zone academy allocation granted  
23 to the board by the department. The total amount that may be  
24 financed by qualified zone academy bonds pursuant to this section  
25 for qualified purposes with respect to a qualified zone academy

1 shall not exceed seven and one-half million dollars statewide in a  
2 single year. In any year that the Nebraska qualified zone academy  
3 allocations exceed seven and one-half million dollars for qualified  
4 capital purposes to be financed with qualified zone academy bonds  
5 issued pursuant to this section, (a) the department shall reduce  
6 such allocations proportionally such that the statewide total for  
7 such allocations equals seven and one-half million dollars and  
8 (b) the difference between the Nebraska allocation and seven and  
9 one-half million dollars shall be available to qualified zone  
10 academies for requests that will be financed with qualified zone  
11 academy bonds issued without the benefit of this section.

12           Nothing in this section directs the State Department of  
13 Education to give any preference to allocation requests that will  
14 be financed with qualified zone academy bonds issued pursuant to  
15 this section.

16           (13) The State Department of Education shall establish  
17 procedures for allocating bond authority to school boards as may be  
18 necessary pursuant to an American Recovery and Reinvestment Act of  
19 2009 bond.

20           Sec. 25. Original sections 77-3446, 79-1001, 79-1003,  
21 79-1007.07, 79-1007.09, 79-1007.10, 79-1007.11, 79-1007.18,  
22 79-1007.23, 79-1007.24, 79-1011, 79-1012, 79-1017.01, 79-1028.01,  
23 79-1073, and 79-10,110, Reissue Revised Statutes of Nebraska,  
24 section 9-812, Reissue Revised Statutes of Nebraska, as amended by  
25 section 1, Legislative Bill 547, One Hundred First Legislature,

1 First Session, 2009, and sections 79-1022, 79-1023, 79-1026.01,  
2 79-1027, and 79-1031.01, Reissue Revised Statutes of Nebraska, as  
3 amended by sections 1, 2, 3, 4, and 5, respectively, Legislative  
4 Bill 548, One Hundred First Legislature, First Session, 2009, are  
5 repealed.

6           Sec. 26. The following sections are outright repealed:  
7 Sections 79-1015 and 86-5,101, Reissue Revised Statutes of  
8 Nebraska.

9           Sec. 27. Since an emergency exists, this act takes effect  
10 when passed and approved according to law.